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Underdog Undergrads From Jersey City Win Investing Competition

By Geoffrey Rogow



New Jersey City University
The investing pros from Jersey City.

Forget [Wichita State](#). The biggest Cinderella this year was New Jersey City University.

A plucky team of student investors from the small Jersey City, N.J., public university with about 6,000 undergrads went up against an international field of competitors in the University of Dayton's 13th annual investing competition, and came out the winners in the heavily contested growth category. The winners for 2012 were crowned at the [RISE forum](#) this past weekend.

Each year, the University of Dayton holds the international student portfolio competition with more than 200 universities, mostly from around the U.S., participating. Student investment teams managing actual money are graded on both a total return and risk-adjusted basis. Past winners have included large schools from Rice University to Marquette University.

“We went there as underdogs but by the end, everyone was congratulating us. It felt great to get our name on the map,” said Sherifa Abdalla, a 27-year old NJCU student. For the year, the student group, composed of mainly undergrads, returned 17.94%. The S&P 500, by comparison, gained about 13% in 2012.

“The competition is a way they can compare themselves against other kids in a similar environment,” said Paul Bobrowski, dean of the University of Dayton’s School of Business Administration. “For the kids at New Jersey City University, it gives them a bit of self-confidence that they are now on par with some of the institutions that are maybe better known or have much larger portfolios.”

The thing that separated the Jersey City kids from the rest of the pack was one bold decision they made, said Andrew Armanus, president of the NJCU Student Investment Management Team. “The best thing we did is we bought 27 stocks in the dip in October,” he said, “and that was the game changer for us.”

Armanus, a 23-year old senior originally from Egypt, said the team had been roughly in line with the S&P 500 for much of the year until the October decision. To ensure it kept risk low, the group also made sure not to have more than 5% in any one stock.

In all, six universities took home prizes including California State University, Northridge, in the value category and Elizabethtown College in the core category. Entrants included investment teams managing as little as \$4,000 to as much as \$11 million.

Among NJCU's big picks was Texas Capital Bancshares Inc., which gained 46% during 2012. The group had wanted a regional bank and pushed into the small Texas firm, hoping it would benefit from a rebound in property prices.

Another smart play was a decision to wait on [Facebook](#) . The group wanted to purchase the social media giant around its initial public offering, but thought the price was too high. When Facebook dipped below \$19 in October, the group pounced, benefiting from a run above \$25 by the end of the year.

That NJCU was even in the competition seemed improbable only a few years ago. The investment group was created after former New Jersey Rep. Frank Guarini donated \$100,000 to the student investment management team. The first few years after his donation didn't see strong returns, though.

That changed with Bernard McSherry, who became an adviser to the team and university faculty member in 2011. Prior to getting his doctorate, McSherry had been a senior vice president of strategic initiatives at New York broker Cuttone & Co., where he chaired several New York Stock Exchange committees and served as an NYSE governor for six terms.

"At my first meeting, someone wanted to buy shares in a Brazilian chicken ranch," said McSherry. "We quickly had to change the thinking."

McSherry and the investment team's leadership decided to reorganize into four "silos," with portfolio managers in charge of each silo and four analysts reporting to each manager. The group meets weekly, rebalances its portfolio twice a year, and has a target of holding roughly 40 stocks at any given time. Today, the investment team manages about \$160,000.

“In 2010, I kind of gave up thinking I could do this from NJCU, but having Bernie come in was the light at the end of the tunnel,” said Armanus, who is hoping to become a Chartered Financial Analyst and work in equity research following his graduation in May.



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